

LUCRF Super insurance changes will see benefits for majority of members

LUCRF Super is one of a number of superannuation funds which have recently recalibrated insurance premiums and cover for members to improve its offer to their membership. This change is in line with industry best practice and is a part of our regulatory obligations. By law, super funds are required to regularly review their insurance offerings to ensure that it is suitable for the overall membership of the fund.

“Almost 80% of LUCRF Super members will see benefits from the changes which include lower premiums and / or greater insurance cover,” LUCRF Super Deputy CEO and Chief Operating Officer Mr Antony Thow said.

“We always work hard to ensure we serve members’ best interests and aim to provide the strongest possible insurance cover at a competitive price,” Mr Thow said.

The recalibrations undertaken by LUCRF Super aim to evenly and fairly reflect the true cost of insurance cover as the membership’s profile evolves over time. The changes introduced will make insurance fairer by ensuring young members do not unfairly pay more in order to subsidise claims made by older members. This change is important considering the fact that the Fund has a predominantly younger membership.

While most members will experience benefits from the change, a small percentage (approximately 2.5%) will see a significantly higher increase in their premiums. However, it should be noted that these members have benefitted from paying below market expectations over previous years and the new pricing offered to them is market competitive.

For the small number adversely affected, LUCRF Super has calculated that the greatest increase in cost for one unit of death-only fixed premium cover would change from \$1.28 per week to \$1.90 per week for a member aged 64 (with cover being reduced). If the member wished to retain a specific dollar-level of cover, then the premium would be higher.

LUCRF Super encourages members to consider the appropriateness of their insurance and seek advice from qualified professionals to ensure cover is adequate for their needs. LUCRF Super is happy to help any member with their specific needs.

“LUCRF Super has worked very hard to keep impacts for members to a minimum and we are available to discuss appropriate options with members who feel they have been adversely affected. We are proud of the fact that we have provided insurance which has historically benefited members, as demonstrated by our strong claims-payout-ratios (99% for Death and 85% for TPD for 2018). This change will ensure that our member focused insurance cover is strong and sustainable into the future.”

Antony Thow, Deputy CEO and Chief Operating Officer, LUCRF